

**TOWNSHIP OF GRANT**  
Huron County, Michigan

Report on Financial Statements  
(with required supplementary and  
additional supplementary information)

Year Ended March 31, 2014

# TOWNSHIP OF GRANT, HURON COUNTY

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## INDEPENDENT AUDITOR'S REPORT

Township of Grant  
Huron County  
Owendale, MI 48754

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Grant as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Grant as of March 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
CARO, MICHIGAN**

July 11, 2014

# Township of Grant

## Management's Discussion and Analysis

### For Fiscal Year Ended March 31, 2014

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As management of the Township of Grant, we offer readers of the Township of Grant's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2014.

#### FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by approximately \$867,115 (net position). Of this amount, approximately \$270,119 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$128,753.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balance of approximately \$386,603, an increase of \$116,571 in comparison with the prior audit year. \$270,119 is unassigned and available for spending.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$270,119, or 294 percent of total general fund expenditures.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

The government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities). The governmental activities of the Township include legislative, general government, public safety, public works and cultural and recreational.

The government-wide financial statements can be found on pages 6 and 7 of this report.

# Township of Grant

## Management's Discussion and Analysis

### For Fiscal Year Ended March 31, 2014

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**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains two individual governmental funds which are both considered major. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and road fund.

The Township adopts an annual appropriated budget for its general fund and road fund. Budgetary comparison statements have been provided for the general fund and road fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 6 and 7 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 9 through 18 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and road fund budgets. Required supplementary information can be found on pages 19 and 20 of this report.

**Township of Grant**  
 Management's Discussion and Analysis  
 For Fiscal Year Ended March 31, 2014

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**Government-wide Financial analysis**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$867,115 at the close of the most recent fiscal year.

A portion of the Township's net position (54 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.

**Township of Grant's Net Position**

	Governmental Activities	
	<u>March 31, 2014</u>	<u>March 31, 2012</u>
Current and other assets	\$ 409,224	\$ 374,593
Capital assets	480,512	359,767
Total assets	<u>889,736</u>	<u>734,360</u>
Current liabilities	<u>22,621</u>	<u>29,489</u>
Net position:		
Net investment in capital assets	480,512	359,767
Restricted	116,484	-
Unrestricted	<u>270,119</u>	<u>345,104</u>
Total net position	<u><u>\$ 867,115</u></u>	<u><u>\$ 704,871</u></u>

At end of the current fiscal year, the Township is able to report positive balances.

**Township of Grant**  
Management's Discussion and Analysis  
For Fiscal Year Ended March 31, 2014

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**Governmental activities.** Governmental activities increased the Township's net position by approximately \$128,753. Key elements of this increase are as follows:

**Township of Grant's Changes in Net Position**

	Governmental activities	
	<u>March 31, 2014</u>	<u>March 31, 2012</u>
Revenues		
General revenues		
Property taxes		
Levied for general purposes	\$ 167,913	\$ 157,287
Charges for services	4,900	500
State sources	67,871	67,098
Investment earnings	432	1,823
Other	<u>5,271</u>	<u>5,319</u>
Total revenues	<u>246,387</u>	<u>232,027</u>
Expenses		
General government	49,048	44,143
Legislative	1,050	1,050
Public safety	18,127	18,127
Public works	32,047	18,131
Cultural and recreational	1,050	1,050
Depreciation (unallocated)	<u>16,312</u>	<u>10,984</u>
Total expenses	<u>117,634</u>	<u>93,485</u>
Increase in net position	128,753	138,542
Net position, beginning of year	<u>738,362</u>	<u>566,329</u>
Net position, end of year	<u>\$ 867,115</u>	<u>\$ 704,871</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.



**Township of Grant**  
 Management's Discussion and Analysis  
 For Fiscal Year Ended March 31, 2014

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**General Fund Budgetary Highlights**

The final amended budget was changed from the original budget, and the significant fluctuations can be summarized as follows:

- \$7,975 increase in general fund general government expenses
- \$2,550 increase in general fund public works expense
- \$10,925 decrease in road fund public works expense

**Capital Asset and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental and business type activities as of March 31, 2014, amounts to \$480,512 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, and equipment, and office equipment and furniture.

**Township of Grant's Capital Assets**  
 (net of depreciation)

	Governmental activities	
	March 31, 2014	March 31, 2012
Land	\$ 4,000	\$ 4,000
Buildings	103,316	115,717
Roads	371,630	237,717
Machinery and equipment	1,566	2,333
	\$ 480,512	\$ 359,767

Additional information on the Township's capital assets can be found in Note 4 on page 16 of this report.

**Economic Factors and Next Year's Budgets and Rates**

Township of Grant's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2015 that also promotes numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2015 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

**Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Township Clerk's Office, Jeri Lynn Tordai, 5355 Hartsell Rd., Cass City, MI 48726.

## BASIC FINANCIAL STATEMENTS

**TOWNSHIP OF GRANT, HURON COUNTY**  
**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION**  
 March 31, 2014

	<b>GOVERNMENTAL FUND TYPE</b>			<b>GASB No. 34 Adjustment (Note 3)</b>	<b>Statement of Net Position</b>
	<b>MAJOR FUND</b>				
	<b>GENERAL FUND</b>	<b>ROAD FUND</b>	<b>TOTAL</b>		
<b><u>ASSETS</u></b>					
Cash	\$ 136,058	\$ 126,385	\$262,443		\$ 262,443
Certificates of Deposit	126,727	-	126,727		126,727
Due from other funds	3,256	11,910	15,166	\$ (15,166)	-
Taxes Receivable			-	15,166	15,166
Prepaid Expenditure	4,888		4,888		4,888
Capital assets, net of depreciation			-	476,512	476,512
Land, non-depreciated			-	4,000	4,000
<b>TOTAL ASSETS</b>	<b>\$ 270,929</b>	<b>\$ 138,295</b>	<b>\$409,224</b>	<b>\$ 480,512</b>	<b>889,736</b>
<b><u>LIABILITIES &amp; FUND BALANCE/NET POSITION</u></b>					
Liabilities:					
Accounts Payable	\$ -	\$ 21,811	21,811	\$ -	21,811
Accrued Liabilities	810	-	810	-	810
<b>Total Liabilities</b>	<b>810</b>	<b>21,811</b>	<b>22,621</b>	<b>-</b>	<b>22,621</b>
Fund Balance/Net Position					
Net investment in capital assets				480,512	480,512
Restricted		116,484	116,484	-	116,484
Unassigned/Unrestricted	270,119		270,119		270,119
<b>Total Fund Balance/Net Position</b>	<b>270,119</b>	<b>116,484</b>	<b>386,603</b>	<b>480,512</b>	<b>\$ 867,115</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE/NET POSITION</b>	<b>\$ 270,929</b>	<b>\$ 138,295</b>	<b>\$409,224</b>	<b>\$ 480,512</b>	

See notes to the financial statements.

**TOWNSHIP OF GRANT, HURON COUNTY**  
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**  
For the Year Ended March 31, 2014

	<b>GOVERNMENTAL FUND TYPES</b>		<b>Total Governmental Funds</b>	<b>GASB No. 34 Adjustments (Note 3)</b>	<b>Governmental Activities</b>
	<b>GENERAL FUND</b>	<b>ROAD FUND</b>			
<b>REVENUES:</b>					
Property taxes	\$ 35,249	\$ 132,664	\$ 167,913		\$ 167,913
State Revenue Sharing	67,871	-	67,871		67,871
Charges for Services	4,900	-	4,900		4,900
Interest	421	11	432		432
Other	5,271	-	5,271		5,271
<b>TOTAL REVENUES</b>	<b>113,712</b>	<b>132,675</b>	<b>246,387</b>	<b>-</b>	<b>246,387</b>
<b>EXPENDITURES:</b>					
Legislative	1,050	-	1,050		1,050
General Government	49,048	-	49,048		49,048
Public Safety	18,127	-	18,127		18,127
Public Works	22,531	38,010	60,541	\$ (28,494)	32,047
Recreation & Culture	1,050	-	1,050		1,050
Depreciation (Unallocated)	-	-	-	16,312	16,312
<b>TOTAL EXPENDITURES</b>	<b>91,806</b>	<b>38,010</b>	<b>129,816</b>	<b>(12,182)</b>	<b>117,634</b>
<b>EXCESS (DEFICIENCY) OR REVENUES OVER EXPENDITURES</b>	<b>21,906</b>	<b>94,665</b>	<b>116,571</b>	<b>12,182</b>	<b>128,753</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	16,682	16,682	-	16,682
Operating transfers out	(16,682)	-	(16,682)	-	(16,682)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(16,682)</b>	<b>16,682</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>5,224</b>	<b>111,347</b>	<b>116,571</b>	<b>12,182</b>	<b>128,753</b>
<b>FUND BALANCE/NET POSITION - BEGINNING</b>	<b>264,895</b>	<b>5,137</b>	<b>270,032</b>	<b>468,330</b>	<b>738,362</b>
<b>FUND BALANCE/NET POSITION - ENDING</b>	<b>\$ 270,119</b>	<b>\$ 116,484</b>	<b>\$ 386,603</b>	<b>\$ 480,512</b>	<b>\$ 867,115</b>

See notes to the financial statements.

**TOWNSHIP OF GRANT, HURON COUNTY**  
**STATEMENT OF ASSETS AND LIABILITIES**  
 March 31, 2014

	<b>FIDUCIARY FUND TYPE</b>
	<b>CURRENT TAX COLLECTION FUND</b>
<b><u>ASSETS</u></b>	
Cash	\$ 44
Taxes Receivable	15,122
	15,166
<b>TOTAL ASSETS</b>	<b>\$ 15,166</b>
<b><u>LIABILITIES</u></b>	
Liabilities:	
Due to general fund	\$ 3,256
Due to road fund	11,910
	15,166
<b>TOTAL LIABILITIES</b>	<b>\$ 15,166</b>

See notes to the financial statements.

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF TOWNSHIP OPERATIONS & FUND TYPES:**

The Township of Grant, Huron County, Michigan covers an area of approximately 36 square miles within Huron County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 750 residents in many areas including public works, public safety, community enrichment and development and human services.

**A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities* are supported by taxes, special assessments and intergovernmental revenues.

**B. REPORTING ENTITY:**

The Township is governed by the Township of Grant Board of Trustees, which has responsibility and control over all activities related to the Township. The financial statements of the Township of Grant include the accounts of all Township operations.

**C. BASIS OF PRESENTATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS:**

The fund financial statements provide information about the Township's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on the major governmental funds, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund is a special Revenue fund. It is used to account for the Townships road tax levy.

Also, the government reports as fiduciary funds, the Tax Collection Fund (agency fund).

The Agency Fund is utilized to account for the Township's collections of taxes for other governmental units.

During the course of operations the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are similar items that are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**F. BUDGETARY INFORMATION:**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year-end, if any, are reported as reservations of fund balances because they will be re-appropriated in the subsequent fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to March 31 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.
8. During the year, the Township incurred expenditures in certain budgeted funds which were in excess of amounts appropriated, as follows:

Fund/Function	Appropriation	Expenditures	Variance
<b>General Fund</b>			
Public Works	\$ 13,050	\$ 22,531	\$ 9,481
Transfer Out	-	16,682	16,682

**G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE:**

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.



**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

3. Receivables

Receivables consist primarily of amounts for taxes and customers charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

4. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40-60 years
Roads	20-50 years
Computer Equipment	3-7 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources revenue until that time. The Township has no items that qualify for reporting in this category.

6. Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

7. Fund Balance Flow Assumptions

Sometime the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of the resources for specific purposes. The Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The restricted fund balance classification includes amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The Township's Road Fund balance is considered restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the Township that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

9. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

**H. REVENUES AND EXPENDITURES/EXPENSES**

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements for a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes become an enforceable lien on the property as of July 1 and December 1. Taxes are levied on July 1 and December 1 and are due in September and February. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. Property tax receivable related to delinquent taxes that are unavailable unless collected within 60 days of year end.

The Township participates in the Huron County Delinquent Tax Fund, which purchases all of the uncollected property tax of the Township each year. Settlement with the County for all uncollected taxes is received by the Township. On this basis, the full amount of the taxes levied are accrued as income in the year levied.

**NOTE 2 – RECONCILIATION OF THE TOWNSHIP AS A WHOLE AND THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS:**

Total fund balances and the net change in fund balances of the Township’s individual funds differ from net position and change in net position of the Township as a Whole reported in the statement of net position and statement of activities. This difference results primarily from the long-term economic focus of the statement of net position and statement of activities versus the current focus of the statement of the individual governmental funds’ balance sheet and statement of revenue, expenditures and change in fund balance. The following is a reconciliation of fund balances to net position and the net change in fund balances to the net change in net position:

Total Fund Balance – Modified-accrual Basis	\$386,603
Amounts reported in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds	<u>480,512</u>
Total Net Position – Full-accrual Basis	<u>\$867,115</u>

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

Net Change in Fund Balances – Modified-accrual Basis	\$116,571
Amounts reported in the statement of net activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	28,494
Depreciation expense	<u>(16,312)</u>
Change in Net Position – Full-accrual Basis	<u>\$128,753</u>

**NOTE 3 - CASH AND INVESTMENTS:**

As of March 31, 2014 the Township had no investments as defined by generally accepted accounting principles. Cash and investments are held separately by each of the Township's funds.

**Interest rate risk.** In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

**Credit Risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

**Concentration of credit risk.** The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk- deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2014, the Township's bank balance of \$351,727 was covered by federal depository insurance, while \$38,053 was left uninsured. Certificate of deposits amounted to \$25,000 and are included in the above totals. The carrying amount of the Township's deposits was \$389,214.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township had no investments at March 31, 2014.

**Foreign currency risk.** The Township is not authorized to invest in investments which have this type of risk.

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2014 are composed of the following:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	RESTRICTED ASSETS
General Fund:			
Deposits	\$ 262,785	NONE	NONE
Road Fund:			
Deposits	126,385		
Other Funds:			
Deposits	44	NONE	NONE
<b>TOTAL</b>	<b>\$ 389,214</b>	<b>NONE</b>	<b>NONE</b>

**NOTE 4 – CAPITAL ASSETS:**

A summary of changes in the Township's capital assets follows:

	<b>Balance March 31, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance March 31, 2014</b>
Governmental activities:				
Assets not being depreciated - land	\$ 4,000	-	-	\$ 4,000
Capital Assets being depreciated:				
Buildings	230,156			230,156
Roads	367,746	\$ 28,494		396,240
Machinery and equipment	14,454			14,454
Total capital assets being depreciated	612,356	28,494	-	640,850
Accumulated depreciation:				
Buildings	120,640	6,200		126,840
Roads	14,882	9,728		24,610
Machinery and equipment	12,504	384		12,888
Total accumulated depreciation	148,026	16,312	-	164,338
Total capital assets being depreciated, net	464,330	12,182	-	476,512
Governmental activities capital assets, net	<u>\$ 468,330</u>	<u>\$ 12,182</u>	<u>\$ -</u>	<u>\$ 480,512</u>

Depreciation expense for the year ended March 31, 2014 amounted to \$16,312. The Township determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

**NOTE 5 – EMPLOYEE BENEFITS:**

The Township pays no employee benefits.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES:**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

Due to and from other funds balances at March 31, 2014 are as follows:

<u>FUND</u>	<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>
General Fund	\$3,256	
Road Fund	11,910	
Current Tax Collection Fund	_____	<u>\$15,166</u>
 TOTAL	 <u>\$15,166</u>	 <u>\$15,166</u>

The outstanding balances between funds results mainly from the time lag between the dates payments between funds are made.

Transfers are used to move unrestricted general fund revenues to finance various programs that the Township must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. During the fiscal year, the general fund transferred \$16,682 to the road fund.

**NOTE 8 – IMPLEMENTATION OF NEW STANDARDS:**

For the year ended March 31, 2014 the Township implemented the following new pronouncements:

*GASB Statement 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Summary:

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure

**TOWNSHIP OF GRANT, HURON COUNTY**  
Notes to the Financial Statements  
March 31, 2014

GASB Statements 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65 – *Items previously reported as Assets and Liabilities*.

Summary:

These Statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net assets reporting requirements in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

**NOTE 9 – UPCOMING ACCOUNTING PRONOUNCEMENT:**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued by the GASB in June 2012 and will be effective for the Township’s 2016 fiscal year. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

## REQUIRED SUPPLEMENTARY INFORMATION



**TOWNSHIP OF GRANT, HURON COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	<b>GENERAL FUND</b>			
	<b>ORIGINAL BUDGET</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES:</b>				
Property taxes	\$ 38,000	\$ 38,000	\$ 35,249	\$ (2,751)
State Revenue Sharing	50,000	50,000	67,871	17,871
Cemetery Revenue	750	750	4,900	4,150
Interest	750	750	421	(329)
Other	1,000	1,000	5,271	4,271
<b>TOTAL REVENUES</b>	<b>90,500</b>	<b>90,500</b>	<b>113,712</b>	<b>23,212</b>
<b>EXPENDITURES:</b>				
Legislative	1,200	1,200	1,050	150
General Government	46,325	54,500	49,048	5,452
Public Safety	19,800	20,000	18,127	1,873
Public Works	10,500	13,050	22,531	(9,481)
Recreation & Culture	1,050	1,050	1,050	-
<b>TOTAL EXPENDITURES</b>	<b>78,875</b>	<b>89,800</b>	<b>91,806</b>	<b>(2,006)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>11,625</b>	<b>700</b>	<b>21,906</b>	<b>21,206</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(16,682)	(16,682)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(16,682)</b>	<b>(16,682)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>11,625</b>	<b>700</b>	<b>5,224</b>	<b>4,524</b>
<b>FUND BALANCE - BEGINNING</b>	<b>264,895</b>	<b>264,895</b>	<b>264,895</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 276,520</b>	<b>\$ 265,595</b>	<b>\$ 270,119</b>	<b>\$ 4,524</b>

**TOWNSHIP OF GRANT, HURON COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD FUND**  
**FOR THE YEAR ENDED MARCH 31,2014**

	<b>ROAD FUND</b>			
	<b>ORIGINAL BUDGET</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
REVENUES:				
Property taxes	\$ -	\$ -	\$ 132,664	\$ 132,664
Interest	-	-	11	11
Other	-	-	-	-
TOTAL REVENUES	-	-	132,675	132,675
EXPENDITURES:				
Public Works	51,625	40,700	38,010	2,690
TOTAL EXPENDITURES	51,625	40,700	38,010	2,690
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(51,625)	(40,700)	94,665	135,365
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	16,682	16,682
Operating transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	16,682	16,682
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(51,625)	(40,700)	111,347	152,047
FUND BALANCE - BEGINNING	5,137	5,137	5,137	
FUND BALANCE - ENDING	\$ (46,488)	\$ (35,563)	\$ 116,484	\$ 152,047



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA  
Thomas B. Doran, CPA  
Valerie J. Hartel, CPA  
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Jerry J. Bernhardt, CPA  
Terry L. Haske, CPA

Jamie L. Peasley, CPA  
Timothy D. Franzel  
Laura J. Steffen, CPA  
Angela M. Burnette, CPA  
David A. Ondrajka, CPA  
Nicholas Jablonski, CPA

To the Members of the Board  
Township of Grant

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Grant for the year ended March 31, 2014, and have issued our report thereon dated July 11, 2014. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 8, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 14, 2014.

### Significant Audit Findings

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Township of Grant are described in Note 1 to the financial statements. The Township adopted the following new accounting policies during 2014: GASB 63 (*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*) and GASB 65 (*Items Previously Reported as Assets and Liabilities*). We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were estimated fixed asset lives for depreciation.

The financial statement disclosures are neutral, consistent, and clear.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed adjustments that we consider to be significant and have communicated this to management in our letter dated July 11, 2014.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 11, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of the Members of the Board and management of Township of Grant and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Anderson, Tuckey, Bernhardt, & Doran, P.C.  
Certified Public Accountants  
Caro, Michigan

July 11, 2014



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

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Nicholas Jablonski, CPA

To the Board of the Township of Grant

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Grant as of and for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Grant's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Grant's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Grant's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the township's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Township of Grant's internal control to be significant deficiencies:

**Repeat Comments:**

Financial Statements

After considering the qualifications of the accounting personnel of Township of Grant, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the township segregate duties whenever possible.

Members of the Board  
Page two

This communication is intended solely for the information and use of management, the Township of Grant, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

Anderson, Tuckey, Bernhardt & Doran, P.C.  
Certified Public Accountants  
Caro, Michigan

July 11, 2014